The Economic Folklore Of Party Politics: Myths or Realities?
Recent Developments On the Gold Front
Sun, Surf, and Sand: Times and Tides on The Jersey Shore
The Economic Folklore of Party Politics: Myths or Realities?

Examination of some broad economic gauges belies a number of "labels" that political party spokesmen often try to foster.

Recent Developments on the Gold Front

Increased demand for gold bullion has soared recently, widening the gaps between its "official" and "free market" price.

Sun, Surf, and Sand: Times and Tides on the Jersey Shore

South Jersey's vacation-oriented economy offers a plethora of resorts, sporting an array of attractions, for clients of all ages, all temperaments, and all means.

On our cover: This majestic 172-foot lighthouse at Barnegat Light, New Jersey, is an irresistible subject for photographers and artists. From the top of Barnegat Lighthouse one is exposed to a stunning view of bay and ocean. From 1834 to 1927 it had warned mariners of the treacherous waters nearby. (Photo courtesy of the New Jersey Department of Environmental Protection.)
American political parties, unlike their European counterparts, differ but little on ideological questions such as the extent of individual freedom and the role of the state in the economy. Nevertheless, both major parties strive to differentiate their "product" from the competition's in an effort to attract new members.

One familiar tack adopted by party politicians involves the fostering of "labels" which identify their party with a particular social class or a favorable set of economic conditions. Thus, the Democratic Party proclaims itself champion of the workingman and vows to "put a tiger in the economy's tank" to accelerate spending and brake unemployment, the legacy of Republican "misrule." The GOP retorts that "spendthrift" Democratic policies have saddled the economy with excessive inflation, and that only Republican policies of "fiscal responsibility" and "orderly business conditions" will set the nation on the road to long-run prosperity. Seldom are these claims elaborated or supported with any hard evidence. Thus, the sense in which Democrats represent the "party of labor" or Republicans the "party of business" remains unclear. Historically, the Democrats have often authored and executed labor legislation of epic proportions, such as the Wagner Act. Similarly, in a number of instances, Republicans have reduced corporate taxes or softened business depreciation allowances. On many occasions, however, party politicians are not referring to these isolated events but rather are asserting...
that certain special interest groups are always better off when one or another political party is in power. Such a far-reaching proposition can be tested by examining changes in some broad economic gauges.

Since winning office is the name of the political game, politicians may also believe that promoting “labels” concerning the relative economic performance of the two parties will net gains at the polling booth. The success of such a strategy, however, requires that the public’s voting behavior be sensitive to changes in general economic conditions. If balloting is, for the most part, unaffected by “normal” changes in unemployment, inflation rates, and the like, then having certain “labels” accepted by the public may not yield the payoff in votes many politicians anticipate. Such a result may mean that politicians will want to reassess the benefits derived from economic “labels” relative to the time and energy spent advancing them.

WHICH FACTS ARE IN FACT FACTS?

If political parties are continually more sensitive to the demands of some groups than others, the “favored” group should receive greater “benefits” on average when the patron party is in power than when it is out. For example, labor should in some sense “do better” under Democratic hegemony if the stereotype holds. Testing such a proposition involves deciding how to measure benefits as well as defining what is meant by being “in power.”

For the purpose of drawing comparisons, Democrats were considered “in power” in years in which that party possessed the Presidency. The Executive is generally judged more responsible than the Congress for maintaining an “adequate” pace of economic activity. The Employment Act of 1946 directed the President to act very much like the economy’s physician, performing an annual diagnosis with the aid of the Council of Economic Advisers and suggesting remedial legislation in an official report to Congress. There are constraints, however, on the amount of medication the President can pry from the pharmacies on Capitol Hill and the Federal Reserve Board. Since only Congress has the power to tax and appropriate funds for Federal expenditures, the President must employ a mix of logical and political persuasion in combination with the veto power to get his fiscal prescriptions filled. The Chief Executive has even more limited control over monetary-policy medication, however, where responsibility is vested in the independent Federal Reserve Board. Although members of the Board are appointed by the President subject to approval of Congress, their 14-year terms are staggered on a two-year basis to constrain a President’s control over the composition of the Board. The President appoints the Chairman of the Board of Governors to a four-year term, but their terms are not coincidental. Thus, for obvious reasons, to be “in power” connotes too strong an image of the actual situation in which a President finds himself regarding economic affairs.

One way of measuring “benefits” during Democratic and Republican Presidential tenures is by examining the size of the average annual percentage rates of change in certain economic magnitudes over a specific period—in this case, from 1948 through 1972. Some variables were chosen to reflect the interests of special groups such as labor or business corporations. Others were selected to test hypothetical administrative characteristics of the parties, such as the Democrats’ presumed proclivity for rapid changes in public spending. Percentage changes are examined because the levels of particular variables such as the unemployment rate will largely reflect policy actions taken in previous years when the “outs” may have been the “ins.” Focusing on proportionate changes will remove some of the effect of past government policies on current observations, but because these policies
often operate with a considerable time lag, this procedure cannot remove all the influence of the past. This problem becomes particularly acute in years when there is a switch from a Democratic to Republican administration, or vice versa, as in 1961 or 1969. The procedure adopted here is to include observed percentage changes in variables in such years in the sample observations of the competing party. For example, the percentage change in corporate profits in 1961 is included in the Republican sample, and the 1969 change is in the Democratic sample. The justification is that the change in corporate profits in 1961 is influenced more by Republican actions in 1960 and preceding years than by Democratic actions in 1961. In addition, it should be recalled that the Federal budget for fiscal 1961 (July 1, 1960-June 30, 1961) was a Republican budget. This “rough-and-ready” adjustment should take sufficient account of the problem of time lags to make the following comparisons meaningful.

Republican and Business. The view that the GOP tends to look favorably on business interests is a commonplace topic of parlor and taproom discussions of politics and economics. Cowboy-humorist Will Rogers once suggested that in order to find the place where the Republican party was formed you should find out where the first corporation was formed. But as Democrat Al Smith used to say, let’s look at the record.

Examination of the course of corporate profits during different administrations (see Table 1) indicates that, on the average, growth rates of corporate profits have climbed faster under Republican Presidents. Similarly, the stock market as measured by Standard & Poor’s index of 500 stocks has fared better under GOP rule. Statistics are not always infallible when prosecuting a point, however. Testing whether these observed differences are large enough to be judged “statistically significant” furnishes a cross-examination of sorts. Failure to confirm significance means that the findings can be attributed to chance as much as to the presence of systematic factors such as the party holding the Presidency. Neither of the differences in Table 1, it turns out, is statistically significant. In the final verdict, then, the common notion that the GOP is the

<table>
<thead>
<tr>
<th>TABLE 1</th>
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<tbody>
<tr>
<td>CORPORATE PROFITS AND STOCK PRICES GROW FASTER DURING REPUBLICAN PRESIDENTIAL YEARS, BUT THE DIFFERENCE IS NOT SIGNIFICANT</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Average Annual Percentage Rate of Change in:</th>
<th>Democrats</th>
<th>Republicans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Profits</td>
<td>1.54%</td>
<td>2.39%</td>
</tr>
<tr>
<td>Standard &amp; Poor’s Stock Index</td>
<td>7.14</td>
<td>11.39</td>
</tr>
</tbody>
</table>

Source: *Business Conditions Digest*
patron of business gets little support from the behavior of corporate profits or stock market prices in postwar years.

Democrats and Labor. From the days of FDR until the 1960s, it was not unusual to find the national Democratic Party running against Herbert Hoover and the Great Depression. References to the Democrats as the "party of prosperity" and the patron of the blue-collar voters dot their party platforms of the last 40 years. Recent evidence suggests that the Republicans have traditionally had very little success in swaying public opinion against this Democratic claim. For the last 20 years, the Gallup Poll has asked the following question: "Looking ahead for the next few years, which political party—Republican or Democratic—do you think will do better in keeping the country prosperous?" The GOP captured the brass ring just twice, in 1955 and 1972. One gauge of whether the public's perception is, on average, justified is a comparison of the behavior of the unemployment rate, labor's compensation (adjusted for inflation), labor's share of national income, and the rate of growth of the economy (adjusted for inflation) during Democratic and Republican administrations (see Table 2). These statistics tend to fortify the Democrats' claims as the champion of labor and the party of prosperity. Looking further, however, it turns out that only the difference between the real (inflation-adjusted) rate of growth of the economy during the Demo-

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2 Compensation per manhour consists of wages and salaries plus supplements to wages and salaries such as employer contributions to social insurance, private pension and health contributions, and the like.

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### TABLE 2

**A Faster Growth Rate During Democratic Administrations Brings Significantly Better Performance of the Unemployment Rate, but Generates No Significant Differences in Labor's Compensation or Its Share of National Income**

<table>
<thead>
<tr>
<th>Average Annual Percentage Rate of Change in:</th>
<th>Democrats</th>
<th>Republicans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment Rate, All Civilians</td>
<td>−5.02%*</td>
<td>16.90%*</td>
</tr>
<tr>
<td>Labor's Compensation, Adjusted for Inflation</td>
<td>2.90</td>
<td>2.66</td>
</tr>
<tr>
<td>Labor's Share of National Income</td>
<td>1.01</td>
<td>0.48</td>
</tr>
<tr>
<td>Gross National Product per capita, Adjusted for Inflation</td>
<td>3.46*</td>
<td>0.98*</td>
</tr>
</tbody>
</table>

* The observed difference can be classified as statistically significant.

cratic and Republican administrations and the behavior of the unemployment rate can be classified as statistically significant. Neither the behavior of real wages nor labor's shares of income substantiates the claim that labor gains are larger under Democratic than Republican regimes.

Moreover, whenever the years in which the Presidency "switches" party hands are treated in different fashion, the differences in unemployment behavior are no longer statistically significant. For instance, if 1953 and 1969 are treated as Republican observations (rather than Democratic) and 1961 is counted as a Democratic year, then unemployment still declines on average under Democrats and increases under Republicans, but the difference cannot be termed statistically significant.3 The conclusion concerning real growth rate differences is robust, however. That is, the difference proves significant regardless of how the "switch" years are treated. In short, while the postwar economy has grown faster on average under Democratic administrations, the evidence that labor has fared better under Democrats shows up only in terms of unemployment rate differences. Even that result requires qualification because of its sensitivity to the test procedures.

WHY THE GROWTH RATE DIFFERENCES?

Voters' self-interest and the survival instinct in politicians both suggest that an explanation of the apparent differences in the economy's growth under Democratic and Republican Presidents would be more than welcome. In particular, does this difference reflect superior economic management skills on the part of one of our major parties or is it merely a phenomenon of chance, like the spin of a roulette wheel? Economists agree that differences in the amounts of stimulus applied to the economy through Government stabilization policies could well be a primary causal factor. In fact, some have suggested that Republicans have been less vigorous in their attempts to reduce unemployment because the GOP places more weight on price stability than the Democrats.4 "To inflate or not to inflate, that is the Democratic question," goes another Will Rogers adage. A look at the data since 1948, however, shows average rates of increases in consumer prices have been virtually identical during Republican (2.26 percent) and Democratic (2.41 percent) administrations, and the same holds true for other prices. Of course, the fact that inflation rates are similar under both parties' administrations need not mean that Democrats and Republicans must be equally concerned about price level increases since the inflationary forces in the economy may have been greater on average under one or the other party.

Unfortunately, attempts to identify the administrations which pursued the most expansionary economic policies require (1) a measure of changes in policy actions and (2) a method of taking account of the long and shifting time lags before policy actions have their effect. Since considerable disagreement exists among economists concerning both of these factors, at present there is very little that can be said about the causal nature of the observed relations.

3 A similar result holds for the average levels of the unemployment rate. If 1953 and 1969 are treated as Democratic years and 1961 is taken as Republican, the average rate for Democratic years in 4.31 percent versus 5.38 percent for Republicans, a significant difference. If 1953 and 1969 are in the Republican sample and 1961 is a Democratic year, then the Democrats' average rate is 4.69 percent and the Republicans' 4.91 percent, which is not a statistically significant difference.

between economic events and the Presidential tenures of political parties. Some statistics suggest that Democrats have been more vigorous on the fiscal front (see Box), but this conclusion must be tempered in the absence of a systematic analysis of the prob-

GROWTH IN GOVERNMENT SPENDING AND THE MONEY STOCK UNDER DEMOCRATIC AND REPUBLICAN ADMINISTRATIONS

Although the simplified framework of analysis used here does not allow any cross-party comparison of the relative strengths of the Government's economic stabilization efforts, several implications of general interest do emerge. For example, one of the fundamental theorems of economic analysis is that increases in Government spending, other things equal, have an expansionary impact on real economic activity. However, some economists have contended that increases in spending by Government merely "replace" private spending that would otherwise have occurred, and thus have little net expansionary effect. As the Chart shows, Federal spending* has increased significantly more rapidly under Democrats than Republicans. In fact, measured as a proportion of total spending, Government expenditures have declined on average under Republicans, while increasing about 9 percent when Democrats held the White House. Since real economic activity has shown more growth under Democratic Presidents, these figures make it difficult to accept the notion that Government expenditure policies have an insignificant effect on economic activity over the long run. Nevertheless, the pessimistic view of the potency of government spending cannot be ruled out by this simple argument, since some other factors may have been the determining elements of the observed differences in real growth rates.

Another factor which some economists focus on as the "prime mover" behind shifts in economic activity is the growth rate of the stock of money (currency plus checking-account deposits). Practically all economists agree that increases in the money-stock growth rate can have an expansionary impact on real economic activity in the short run. However, over the longer run increases in the growth rate of money are generally expected to bring on higher prices. Money has grown at a 3.68 percent rate on the average under Democrats and a 2.94 percent rate under Republicans since 1948—a statistically insignificant difference. To the extent that the averaging process used here approximates the long run, the similar growth rates in money should have been reflected in similar price-level behavior across parties—a result confirmed above. Whether or not short-run changes in money-growth rates were the principal force accounting for differences in real growth is again a question that cannot be answered by this simple averaging process.

* Federal spending, which is of course affected by external events such as wars and natural catastrophes, is not intended here to represent a measure of fiscal policy. A fiscal policy indicator should consider Federal revenues as well as expenditures and both figures should be adjusted for the state of the economy.
DEMOCRATS OUTDO REPUBLICANS IN PRIMING THE FEDERAL SPENDING PUMP BOTH ABSOLUTELY AND AS A PROPORTION OF TOTAL SPENDING

Percentage Average Change

<table>
<thead>
<tr>
<th>Year</th>
<th>Dem.</th>
<th>Federal Spending*</th>
</tr>
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<tbody>
<tr>
<td>18</td>
<td>17.18</td>
<td></td>
</tr>
<tr>
<td>17</td>
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<td>16</td>
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<tr>
<td>2</td>
<td></td>
<td></td>
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<tr>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
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</table>

*National Income Accounts Basis

Source: Business Conditions Digest

Economists are continuing to study this important question, but for the moment voters must be left to form their own judgments of the soap box claims of party spokesmen to specialized skills in managing the economy. While opinion polls indicate the public has often responded to these assertions, some recently published evidence suggests that voting behavior has not been significantly affected by changes in economic conditions during the twentieth century.

ECONOMIC CONDITIONS AND NATIONAL ELECTIONS

Politicians believe that party labels of an economic sort are useful because they attract new members, but they may also be anticipating still a bigger payoff—at the ballot

5 Ann Friedlander attempts to measure the "weights" attached to various stabilization-policy goals during the Eisenhower and Kennedy-Johnson years in "Macropolicy Goals in the Postwar Period: A Study in Revealed Preference," Quarterly Journal of Economics 87 (1973): 25-43. She finds that both administrations placed more weight on price stability and the balance of trade than on full employment, but that the Democrats placed more weight on full employment than Republicans. She cautions that her results must be considered tentative because of the strong assumptions employed in the analysis.
box. If the opposing party can be tagged as economically irresponsible, winning an election should be easier than snoozing through a seconding speech at a nominating convention. However, the success of such a strategy requires that voters be sensitive to changing economic conditions, a "fact" which most politicians have taken for granted. Perhaps surprisingly, some recently published research finds very little evidence to support this "fact" of political life.

Using a statistical analysis of data for the period 1900 through 1970, George J. Stigler concludes that neither ordinary changes in the unemployment rate nor changes in real income have had a significant impact on voting patterns in Congressional elections. There is some evidence in the Stigler study, though inconclusive, that a higher rate of inflation may reduce the share of the vote received by the incumbent party in Congressional elections.

Stigler and a number of other economists argue that such a setback to the conventional wisdom should not have been unexpected, and that a similar result would most likely apply to Presidential elections. They contend that the Employment Act of 1946 committed both Democrats and Republicans to a vigorous pursuit of high employment and steady rates of growth of real income, and that neither party possesses unique capabilities enabling it to outperform its rivals consistently. Thus, these economists do not interpret the numbers presented above as evidence of superior stabilization policies during Democratic terms in the Presidency.

Not surprisingly, Democratic economists have challenged both the mechanics of Stigler's study and his interpretation of the results. Arthur Okun, former member of the Council of Economic Advisers under President Johnson, claims that:

The fundamental issue raised by party image hypotheses is whether Democrats and Republicans differ perceptibly on macroeconomics. Stigler believes they do not; I submit that (1) the performance records are different; (2) the deeds differ significantly; (3) the words differ; and (4) the voters perceive a difference.

Okun contends that economic conditions are particularly likely to influence election results whenever the performance of the economy is below par. Consequently, Stigler fails to capture this effect for he focuses on "good" as well as "hard times." Okun marshals no evidence of his own to support his position, however. Thus, to date economists have not yet mustered enough evidence to close the case on the relation between economic conditions and national elections, although Stigler's results cast considerable doubt on the traditional view.

UNCONSTRUCTIVE LABELS OR CONSTRUCTIVE POLICIES: AN EMERGING CHOICE?

Summing up, then, a simple examination of some broad economic gauges offers little support for a number of the "labels" that various party spokesmen often attempt to foster. For example, the figures do not reveal the Republicans as the "party of business"
and Democrats may be viewed (with some caution) as the “party of labor” only in terms of the behavior of the unemployment rate, and not in terms of the behavior of wages (inflation-adjusted) or labor’s share of income. The economy has grown more rapidly under Democratic Presidents, but no convincing evidence has emerged to relate this finding to that party’s stabilization skills. Despite the rather limited evidence for their claims, party politicians continue to pursue the image-making strategy in search of both members and votes. Yet Stigler’s study suggests that such tactics may yield much less a return at the polling place than is typically expected. And in addition, society may suffer some costs if these various labels are substituted for the formulation and execution of social policy decisions.

The Committee on Political Parties of the American Political Science Association has suggested that this may too often be the case when it asserted: “The American two-party system has shown little propensity for evolving original and creative ideas about public policy; it has even been rather sluggish in responding to such ideas in the public interest.” Recommendations for reforms in the policy area are commonplace in the literature on political parties, and usually focus on a revitalization of existing policy committees within each party. To date, the parties have been largely insensitive to such appeals. However, the tide of current legislative debate suggests that one of the primary functions of both major parties to date—financing election activities—may eventually draw less heavily on the energies and skills of party officials and members. Consequently, both Democrats and Republicans may feel more compelled to sharpen their skills in the policymaking arena or face the prospect of withering away politically should public financing of elections be introduced. If, as is often said, politicians live to be convinced, this could well be the time for a public weary of being handed labels rather than effective policies to begin convincing.

CHART 1
FREE-WORLD GOLD PRODUCTION HAS RECENTLY FALLEN OFF, MAINLY BECAUSE OF A DECLINE FROM SOUTH AFRICAN MINES.

<table>
<thead>
<tr>
<th>Year</th>
<th>World* Gold Production</th>
<th>South Africa's Portion of World Gold Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>1969</td>
<td>1200</td>
<td>1000</td>
</tr>
<tr>
<td>1970</td>
<td>1200</td>
<td>1000</td>
</tr>
<tr>
<td>1971</td>
<td>1200</td>
<td>1000</td>
</tr>
<tr>
<td>1972</td>
<td>1200</td>
<td>1000</td>
</tr>
</tbody>
</table>

* Excluding USSR, Eastern Europe, People's Republic of China, and North Korea

CHART 2
ALTHOUGH SALES BY COMMUNIST COUNTRIES HAVE MORE THAN OFFSET THIS REDUCED PRODUCTION . . .

<table>
<thead>
<tr>
<th>Year</th>
<th>Estimated Sales of Gold by Communist Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1969</td>
<td>0</td>
</tr>
<tr>
<td>1970</td>
<td>100</td>
</tr>
<tr>
<td>1971</td>
<td>200</td>
</tr>
<tr>
<td>1972</td>
<td>300</td>
</tr>
</tbody>
</table>

Source: Bank for International Settlement — Annual Report
INCREASED DEMAND FOR BULLION HAS FORCED THE "FREE MARKET" PRICE SHARPLY UPWARD...

Source: Samuel Montagu & Co.—Annual Report; Board of Governors of the Federal Reserve System

RESULTING IN LARGER GAPS BETWEEN THE "OFFICIAL" AND "FREE MARKET" PRICE OF GOLD.

Note: The official price of gold was changed from $35 per fine ounce to $38 per fine ounce on December 18, 1971 and to $42.22 per fine ounce on February 17, 1973.
“One of the assets of Pennsylvania is South Jersey at its door.” So begins the book titled Down Jersey, written over three decades ago by Cornelius Weygandt, a Penn professor whose English lectures were a delight. The observation is even more appropriate in our day than it was in his. When hot, sticky weather descends upon the Delaware Valley, metropolitan dwellers burn up the super highways to Jersey shore resorts.

The South Jersey coast must have been specially designed for vacationers. The beaches for the most part are on the ocean sides of long and narrow barrier islands separated from the mainland by bays, channels, lagoons, sounds, marshes, and salt meadows. The beaches with their soft, white sand, easy on tender toes, have the gentlest gradient which affords a wide expanse of playground.

The surf is ever-refreshing; sunshine and cool breezes are almost never missing. Sun, surf, and sand make a perfect vacationland for the millions anchored to their city desks in the fall, winter, and spring. No wonder then that catering to vacationers is the major industry of South Jersey and that every other economic activity is vacation-oriented.

HAIL THE MULTITUDE!

The Jersey shore attracts ever-larger crowds each year. Some stay for just a day, others a weekend, a week, a fortnight, a month, or perhaps even the entire season. Seashoring is weather-dependent. The higher the inland temperature and humidity the greater the shoreward migration. People come from not only New Jersey and nearby states but also from as far away as Canada. And why not? People living in the provinces of Quebec and eastern Ontario have discovered that Jersey beaches are closer than the beaches of Nova Scotia. Over a fifth of the nonresident visitors

* Dr. Alderfer, now retired, is a former Economic Adviser of the Federal Reserve Bank of Philadelphia.
last year were Canadians. Of nonresidents, however, Pennsylvania license plates overwhelmingly predominate.

The number of people who flocked to the shore this season is impossible to ascertain and difficult to estimate because of repetitive visitors like the weekenders. Counting and recounting the repeat visitors, the season’s total might well be 25 million to 30 million. Sleeping, feeding, and entertaining a multitude of that size requires a tremendous amount of preparation, perspiration, and preparation but, oh, how merrily the cash registers ring! The tab might well be a billion and a half to two billion dollars—not bad at all for a seasonally sensitive economy.

HOUSING THE MULTITUDE

Providing the necessary housing is an ongoing task of construction. In 1972, the four New Jersey seaside counties—Monmouth, Ocean, Atlantic, Cape May—which have only an eighth of the Garden State’s population, accounted for more than a third of the dwelling units authorized for construction, as reported by the New Jersey Department of Labor and Industry. Ocean County alone accounted for nearly half of the four-county total.

Preliminary reports for this year point toward the biggest construction volume ever, with the seashore counties again out in front. Town houses, garden apartments, retirement villages, and high-rise condominiums are predominant in residential construction. Nevertheless, single family dwellings and vacation homes are also being built in substantial volume.

Motel construction for tourist business continues to flourish. This year some 250 apartments are under construction along the beachfront from Point Pleasant Beach to Beach Haven. Along the Cape May County shore, 14 new motels are being added, 10 of them in the Wildwoods.

Years ago, most seashore residential construction consisted of small cottages for summertime occupation. Today, more and more of the new residential construction is for year-round living by persons who are retired or who commute to work in or near Philadelphia. Moreover, a substantial number of homes are being built by people who have the desire and the wherewithal to live at their seashore homes half the year and the other half in New York or Florida.

Along with greater diversification of residential construction comes a greater mix of the population. That, in turn, complicates the problems of local government. For example, the younger of the perennial dwellers, especially those with children of school age, will want good schools but the retired, living on fixed incomes, may vote against a bond issue for a new school building. And those with loyalties divided between their New Jersey and their Florida homes, the “hybrids,” in the words of one seashore mayor, are likely to be only half-heartedly interested in seashore civic affairs—hardly citizens for all seasons.

GLORY, WHAT PRICES FOR REAL ESTATE!

Real estate prices are soaring like a space vehicle escaping the earth’s gravity. For a property bought for $14,000 in 1963, the owner turned down an offer of $45,000 only yesterday. Another realtor tells of a parcel with ocean frontage bought for $1,500 in 1950 that went for $50,000 recently. No one, after the devastating Atlantic storm of March ’62, would have envisioned that sandlots could ever command the fantastic prices they do today.

Of course, there is only so much land with ocean frontage available and the number of bidders desiring a summer place at the shore grows larger each year. As building lots with ocean frontage are fast becoming unavailable, new construction is moving farther inland, even to the mainland. Eager to accommodate the growing demand, builders in some areas have resorted to increasing the supply of “land” by filling in tidal lands, for
beach erosion is a constant worry (see Box). That type of development, however, was declared illegal by the 1970 Wetlands Act designed to preserve the areas where many fish lay their eggs. A building contractor may scorn fish, but fishing is one of the shore’s big attractions. Meanwhile, demand for land is fortified by the bidding of those wishing a permanent home at the shore and perhaps also by some buying of land as a hedge against inflation. Inflated land values and also the rapidly rising costs of constructing and operating motels and other rental properties are reflected in higher rents. Yet the higher rents do not seem to discourage occupancy; people keep coming. “As long as the boom lasts,” a seashore banker told us, “the motels now in operation are making money but those in process of construction have yet to demonstrate their profitability.”

**HOUSEKEEPING FOR THE MULTITUDE**

Housekeeping starts in the spring of the year by way of readying the facilities for the big summer push. Winter is not kind to shore properties. Spring fix-up consists of interior and exterior painting, replacement of broken tiles and screens, plumbing and electrical repairs, landscaping and general readying for company.

Plans must also be made for augmenting the local labor supply. Catering to the summer crowds requires a variety of skills—cooks, maids, waitresses, dishwashers, clerks, gas station attendants—just about every kind of occupation of an inland community, plus some specialists peculiar to the shore such as lifeguards, beach janitors, and marine mechanics. High school and college students, working as busboys, clerks, or waitresses, come from as far inland as Pittsburgh.

What a mess the Jersey beaches are at the end of a hot summer day! Strewn all over the place are beer cans, soda pop bottles, popcorn boxes and cigarette packages, abandoned sneakers, towels, and hair rollers, despite refuse cans provided by the city fathers. To help defray the cost of daily clean-ups, many communities charge fees for the use of their beaches. The fees, with few exceptions, are modest. Seaside Heights, for example, charges 25 cents for weekdays, 75 cents Saturdays and Sundays, or $10 for the entire season. Children under 12 are exempt by law and a court has now ruled that non-residents may not be charged more than residents. Larger resorts such as Atlantic City, Ocean City, Wildwood, and Cape May still charge no such fees but Atlantic City reportedly is considering one. Beach fees do not seem to discourage staying-and-paying guests, but perhaps they do discourage the freeloaders who drive to the shore, park near the beach, change into their swim suits, eat their sandwiches, take a dip, leave their litter, and head home without having made any pecuniary contribution.

**ENTERTAINING THE MULTITUDE**

Sometimes one gets the impression that most people go to the shore to get a tan, but many go to bathe, surf, fish, crab, clam, cycle, and boat. But having a good time at the shore is anything but seasonal. The boardwalk, itself an institution, weathers all seasons. It’s a place for early morning cycling, for evening promenading, shopping, and socializing. Some boardwalks offer periodic musical entertainment and dancing; others are equipped with go-go machinery.

The waterways—ocean and bays—are for the marine set—the pilots of anything with a hull, ranging from a rowboat to a cabin cruiser, from a catboat to a yacht. Popularity of boating has grown tremendously in recent years. This is apparent at all the resorts with their marinas and yacht clubs, the large numbers of watercraft docked at public and private wharves, the construction of “boatels,” and the heavy marine traffic to and from fishing grounds especially over weekends.

We read *The Compleat Angler* years ago
BEACH EROSION — PERPETUAL PROBLEM

The ocean is a ceaseless sculptor of the shore. Each day several thousand waves sweep upon the beach and slide back into the ocean. On the backslide each wave is likely to leave a modicum of sand—a beach-building action. High winds, however, infuriate the water, multiply and magnify the waves so that one breaker comes crashing in on the beach on the heels of another with the result that the turbulent waters scoop up surface beach sand and wash it out to sea—a beach-destroying action. Depending upon the size and fury of the waves, their angle of impact, the season of the year, and the tides, some sections of the beach gain yardage and others lose to the advancing seas.

Beach erosion is a vexation in some areas, especially south of Atlantic City. The problem is attacked in different ways. Ocean City, for example, has been pumping sand slurry from its back bay for several years with some success in holding the shoreline. Numerous beach communities have built groins or jetties—dam-like structures of rock piling a few feet high and about 100 feet long constructed perpendicular to the shore line in the hope of maintaining or widening the beach. For Cape May, which has had unusual difficulties, District and Division Engineers have proposed comprehensive beach erosion control, storm protection, and navigation involving jetties, beach fill, dune grass, and sand fences. The project would include Hereford Inlet and North Wildwood. Local communities would have to pay about a quarter of the estimated $30 million cost, the Federal Government picking up the remainder. The cost of beach erosion control can go on and on. The deep blue sea is enormous, energetic, and eternal. Too big to bulldoze, engineers may yet find better ways to cope with it.

and saw some of Izaak Walton's fishing gear at his home in Dovedale. Too bad the famous rod-and-reeler never fished along the Jersey coast, off the Cape, and Delaware Bay—he might have written The Triumphant Angler.

South Jersey waters are a piscatorial paradise abounding in many kinds of fish and many kinds of fishermen. The larger resorts have fishing piers but surf fishermen may be seen almost any time on the edge of the ocean. Jetties are sturdy platforms from which to fish, and the rock piles make good hiding places for schools of bait, thus attracting both fish and fishermen. The catch may be, and often is, a pleasant surprise. Small boat fishing in the inland waters of the sounds and bays offers a changing scene of winding channels through marsh grass with shore birds and fish too. The deep-sea fishermen go miles off shore in their own power boats or on party boats.

Throughout the season, anglers net over 25 different varieties, including such favorites as weakfish, mackerel, bluefish, sea bass, black drum, fluke, tuna, marlin, bonito, albacore, and kingfish. Old salts have always known when and where to go to catch what. Now, expert advice is available over the radio from professional commentators who give more helpful advice than such old saws as "fish are where you find them."

RESORT LURE

Although the types of vacationers that flock to the South Jersey shore fluctuate with the seasons, the major resorts, like other aspects of the area's economy, are available the year round. It would be a mistake to assume that all resorts from Point Pleasant to Cape May are the same—they are not. Each has its own historical background, its own pattern of development, its own particular appeal. That's
why so many people patronize the same resorts year after year. Even the few who venture to change, regret the error, and return to their old love. There are those who like the sophistication of Atlantic City. Others prefer the Victorian atmosphere of Cape May, or the family style of Ocean City, or the action of Wildwood, or the charm of Long Beach Island. And, so with a score or more of other resorts, each has its adherents and special attractions.

Ocean City’s longstanding reputation as a “family resort city” is well deserved. It was founded in 1879 as a Methodist camp meetingplace and some of John Wesley’s principles still prevail. The city has no bars, no nightclubs, no liquor stores, no boardwalk amusements on Sunday. Its winter population is about 11,000, up 40 percent between the last census and the one preceding. On big holiday weekends 75,000 to 100,000 persons come to town. Historically, vacationers have been accommodated in many small family-type hotels, guest houses, and apartments.

During the past five years, however, Ocean City has had a boom in duplex construction. In many instances the owner and his family occupy the first floor and rent out the upstairs; in other cases the owner rents both units during the summer. There has also been some motel construction but nothing comparable to the Wildwood development in either number or high-rise proclivity. In fact, after the construction of one multistory motor inn, the city fathers passed an ordinance limiting high-rise construction to 70 feet and increasing the amount of open space required between buildings. Ocean City does not want metropolitan madness of any sort besmirching its “Finest Family Resort” reputation.

Wildwood is sandwiched between North Wildwood and Wildwood Crest so snugly that a stranger would never suspect that they are separate political entities. In some respects the three Wildwoods are also separate physical and social entities that just happen to nudge each other like beads on a string.

Why are the Wildwoods so popular? First, they have a dream of a beach—beautiful, pure, fine, white sand—seven miles long and 1,000 feet wide, from boardwalk to the ocean’s edge, with a very gentle slope. Second, they have capitalized on the type of accommodation that is geared into the American automotive civilization—the motel. To be sure, the Wildwoods also have hotels, duplexes, guest houses and apartments but motels predominate.

North Wildwood is the oldest of the three, and it has the patina to prove it. Known originally as Anglesea, the tiny fishing village got started when sailing vessels left from Hereford Inlet for the offshore fishing grounds. It’s a pity the name was changed because “Anglesea” bristles with maritime lore which is more romantic than to be distinguished from a neighbor by only a directional adjective.

Wildwood Crest is an astonishment of luxurious motels designed and built for the Cadillac trade. What a multitude of motels, two to five stories high, the latest in razzmatazz and sharp as a razor-billed auk! A partial list of the “specs” in a typical ad includes large heated pool and kiddie pool, ocean view, coffee shop, sauna, air conditioning and heat, self-service elevator, private balcony, ten-channel color TV, game rooms, hair dryers, daily maid service, free parking. And several motels have added a tropical touch to the landscaping with synthetic palm trees. All in all, Wildwood is where the action is. It has a boardwalk with an abundance of entertainment machinery designed to attract the young, regardless of age. They have machines that gyrate, oscillate, bump, jump, soar, slide, spin, and splash to the background accompaniment of music and the overriding shrieks and shouts of the clientele.

Atlantic City, as a resort, was first an idea in the mind of a doctor living on Absecon Island. He inspired the construction of the Camden and Atlantic Railroad, later part of
the Pennsylvania and Reading Seashore lines, and in 1854 the city was incorporated. Atlantic City and the railroad prospered.

Endowed with an excellent beach, the city built a boardwalk as early as 1870. Periodically enlarged, today’s boardwalk has the sweep and swank of a boulevard with impressive piers jutting far out into the ocean and the landward side is lined with big hotels and fashionable boutiques.

Atlantic City has everything. It has an abundance of hotels and related accommodations ranging from one to a thousand and one rooms. The auditorium and convention hall is one of the largest in the country. For diversion and entertainment the city offers horse racing, drag racing, theaters, night clubs, a 330-foot high observation tower, a high-diving horse, an Easter fashion parade, a Miss America pageant, and a schedule of events with something doing every day of the year.

During the Roaring Twenties, Atlantic City was a famous and flourishing resort. A place to see and to be seen, the resort was the glory that was beach and the grandeur that was tone. Its year-round population peaked at 64,000 in 1940, and visitors came from afar.

In recent years, Atlantic City has been plagued by too high rates of unused capacity, too heavy relief rolls, and too much of a population decline. One reason for the difficulties is that big hotels have gone out of style, as have the railroads. If there is one single culprit, it’s the automobile. Nowadays, nearly everyone has a car and is constantly on the move. He’s in a hurry to check in, in a hurry to eat, and in a hurry to check out. That is for the motels and the Pullman-shaped diners. However, at least one large Atlantic City hotel has developed a profitable occupancy rate by special catering to conventions, as well as by direct mail advertising to former guests.

Atlantic City is responding to the changing times. It is tearing down hotels and building motels. But the process is slow and expensive, as a city can’t be rebuilt over night. On the boardwalk the historic roller chairs are to be replaced by electric trams somewhat similar to a train of canopied golf carts. Some local businessmen believe that legalized gambling would substantially boost the city’s economy. Atlantic City doubtless has some of the infirmities that most cities are heir to but intensive efforts are being made to modernize.

Long Beach Island has 18 miles of ocean beach on the east and 25 miles of bays and meadow land on the west—more curlicues. Beach Haven, on the southern end of the island, has a large marina well stocked with assorted watercraft and the resort also claims the oldest summer theater. Motoring north, one goes through beautiful little boroughs with fanciful names, such as, Ship Bottom, Surf City, Harvey Cedars, Loveladies, and Barnegat Light.

The winter population of the island is only about 9,000 but the summer’s peak comes close to 100,000 according to local estimates. That may seem strange for an insular resort devoid of boardwalks and night clubs but there is abundant evidence of prosperity. The Little Egg Harbor Yacht Club has a membership of people with means. The island is peppered with new construction, and on the northern half of the island can be seen some of the most unusual residential architecture, suggestive of an architect with a Till Eulenspiegel bloodline, jesting with building materials. One creation resembles an iceberg, another a pair of binoculars looking seaward, and yet another looks like a lean-to without anything to lean on but another lean-to.

Also within the Third Federal Reserve District, but unknown to most Philadelphians, is Island Beach, a barrier beach that extends from Barnegat Inlet to Manasquan Inlet. Curiously, Island Beach is longer than Long Beach Island. Island Beach is a cosmosorama. Along its beaches is a diversity of communities with different appeals for different people. The diversity varies from the opulence of Bay
Head and Mantoloking, to the wall-to-wall cottages of Ocean Beach, to New Jersey’s answer to Coney Island in Seaside Heights, to the seashore in its natural state in Island Beach State Park.

The park, owned and operated by the state of New Jersey, occupies the lower third of the island. Its beaches are open to the public upon payment of a small fee and visitors come for the day only because there is no commercial development—nothing but bath houses, beaches, dunes, and sea gulls.

Down at the southern tip of New Jersey in Cape May County is Cape May City, the country’s oldest seashore resort. Over two centuries ago Philadelphia and New York socialites patronized this resort. Families with trunksful of clothing used to come by steamboat and spend the summer. Presidents Lincoln and Grant were among the famous guests. The Mount Vernon Hotel in the 1850’s was a monstrous structure for its day, accommodating 2,000 guests.

The heart of the city was destroyed by fire in 1878 and was subsequently rebuilt with gingerbread-style architecture of which there is enough remaining today to give Cape May its unique character. The Chalfont is Cape May’s oldest existing hotel with its clutter of ornamentation and intricate fretwork and the spacious verandas seem to offer just the right setting for reading *The Pickwick Papers* or *Vanity Fair*. Still standing and treasured are a number of private homes of Victorian vintage although a few of them are now inns or museums. Remaining also are a few private homes with “widow’s walks” where wives of seafarers could scan the Atlantic horizon for the return of their loved ones.

Right at the ocean, Cape May also has completely modern hotels and motels, sometimes a new motel complementing an old hotel. The new motels are impressive with swimming pool and sauna modernity, though few are in jarring contrast to the historic image. What Cape May is trying to do is to maintain or restore a Victorian atmosphere with modern comforts and it is succeeding.

With the help of a several million dollar Federal urban renewal program, Cape May has replaced a run-down section of downtown Washington Street with an attractive pedestrian mall. The three-block-long cobblestoned mall is closed to vehicular traffic. Illuminated by eighteenth-century gas lamps, both sides of the mall are lined with Victorian-fronted shops where tourists can buy modern apparel, books, and sporting goods or just sit at one of the sidewalk cafes to sip and talk. The whole atmosphere of Cape May, from the lighthouse on the point to Fisherman’s Wharf and the canal at the upper end of the city is one of easy-going life.

Some time ago, Cape May County began hosting a new type of vacationer—the camper. For shelter, some campers are content with putting up a tent. Others come in fully-equipped hard-top trailers. Upon arrival they have a choice of more than 30 different campsites in the pine- and cedar-shaded areas only a few minutes from the resorts of the cape.

SOMETHING, SOME PLACE FOR EVERYBODY

The economy of South Jersey is vacation-oriented, with something and someplace for every type of vacationer. It has a variety of resorts, with a diversity of attractions, for clients of all ages, all temperaments, and all means—ranging from tent dwellers who live on an average of $8.50 a day to cliff dwellers who can afford $69,000 condominiums. How fortunate for Pennsylvania to have South Jersey at its door!
Truth in Lending became the law of the land in 1969. Since then the law, requiring uniform and meaningful disclosure of the cost of consumer credit, has been hailed as a major breakthrough in consumer protection. But despite considerable publicity, the general public is not very familiar with the law.


Available in English is a film strip on Regulation Z, Truth in Lending, for showing to consumer groups. This 20-minute presentation, developed by the Board of Governors of the Federal Reserve System, is designed for use with a Dukane project that uses 35mm film and plays a 33 RPM record synchronized with the film. Copies of the film strip can be purchased from the Board of Governors of the Federal Reserve System, Washington, D. C. 20551, for $10. It is available to groups in the Third Federal Reserve District without charge except for return postage.

Persons in the Third District may direct requests for loan of the film to Truth in Lending, Federal Reserve Bank of Philadelphia, Philadelphia, Pennsylvania 19101. Such requests should provide for several alternate presentation dates.
FOR THE RECORD...

SUMMARY

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*Not restricted to corporate limits of cities but covers areas of one or more counties.
**All commercial banks. Adjusted for seasonal variation.
***Member banks only. Last Wednesday of the month.

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Federal Reserve Bank of St. Louis